

**THE OFFICE OF REGULATORY STAFF
SETTLEMENT TESTIMONY AND EXHIBITS
OF**

M. ELIZABETH FORD

MAY 26, 2009



DOCKET NO. 2009-12-S

**APPLICATION OF AQUA SOUTH
CAROLINA FOR APPROVAL OF A NEW
SCHEDULE OF RATES AND CHARGES FOR
SEWERAGE SERVICES PROVIDED TO
CUSTOMERS IN SPARTANBURG COUNTY**

SETTLEMENT TESTIMONY OF M. ELIZABETH FORD

FOR

THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2009-12-S

**IN RE: APPLICATION OF AQUA SOUTH, INC. FOR APPROVAL OF A NEW
SCHEDULE OF RATES AND CHARGES FOR SEWERAGE SERVICES
PROVIDED TO CUSTOMERS IN SPARTANBURG COUNTY**

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is M. Elizabeth Ford. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina, Office of Regulatory Staff (“ORS”) as Lifeline Manager.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to provide a brief overview of the Settlement Agreement reached between ORS and Aqua South Carolina, Inc. (“Aqua South”) in this proceeding and to explain why this Settlement Agreement is in the public interest.

Q. PLEASE PROVIDE AN OVERVIEW OF THE SETTLEMENT AGREEMENT REACHED BY ALL PARTIES OF RECORD.

1 A. Following extensive discussions, the parties have each determined that
2 their interests, as well as the interest of the public would be best served by settling
3 all pending issues in this proceeding.

4 It is the position of ORS and the other parties of record in this docket that
5 the Settlement Agreement, as presented to this Commission, is a fair, reasonable
6 and full resolution to all issues in this proceeding. Further, the Settlement
7 Agreement represents the public interest as it preserves the balance referred to in
8 S.C. Code § 58-4-10:

9 ... 'public interest' means a balancing of the following:

- 10
11 (1) Concerns of the using and consuming public with
12 respect to public utility services, regardless of the
13 class of customer;
14
15 (2) Economic development and job attraction and
16 retention in South Carolina; and
17
18 (3) Preservation of the financial integrity of the State's public utilities
19 and continued investment in and maintenance of utility facilities so
20 as to provide reliable and high quality utility services.
21

22 All parties agree that an increase in rates and charges is necessary for
23 Aqua South to provide its customers with safe and adequate wastewater collection
24 service. The Settlement Agreement provides a schedule of proposed rates, terms
25 and conditions that are fair and reasonable to both the customer and Aqua South
26 and will allow Aqua South the opportunity to earn a fair return on its investment.
27 Specifically, Aqua South has agreed to reduce its rates, from those proposed in
28 the original Application, in the area of wastewater collection services. The
29 Company currently charges \$20.50 for wastewater collection services. In its

1 Application, the Company proposed an increase to \$42.73. As a result of the
2 settlement agreement, the rate for wastewater collection services will be \$37.00 as
3 shown in MEF Exhibit B. The proposed settlement rate would result in additional
4 revenue of \$80,784 for wastewater collection services for a total revenue of
5 \$181,152 resulting in a 12.25% operating margin as shown in MEF Exhibit A.

6 As stated earlier, it is the position of ORS and Aqua South that this
7 Settlement Agreement is a fair, reasonable and full resolution to all issues in this
8 proceeding and I would request the Commission approve the Settlement
9 Agreement as presented today.

10 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

11 A. This concludes my overview of the Settlement Agreement presented on
12 behalf of ORS and Aqua South.

13

AQUA SOUTH CAROLINA, INC.
Docket 2009-12-S
Revenue Impact Analysis

EXHIBIT A

Aqua South Carolina, Inc. Test Year Revenues at Current Rates				
Service Type	Classification	Units	Fee per Unit	Test Year Calculated Revenues
Sewer	Residential	406	\$20.50	\$99,876
	Commercial	2	\$20.50	\$492
TOTAL				\$100,368

Aqua South Carolina, Inc. Revenues at Proposed Rates						
Service Type	Classification	Units	Fee per Unit	Test Year Proposed Revenue	Increase Amount	% Increase
Sewer	Residential	406	\$37.00	180,264.00	80,388.00	80.5%
	Commercial	2	\$37.00	888.00	396.00	80.5%
TOTAL				181,152.00	80,784.00	80.5%

AQUA SOUTH CAROLINA, INC.
Docket 2009-12-S
Schedule of Rates and Charges

Exhibit B

MONTHLY CHARGES

	<u>Current</u>	<u>Settlement Rate</u>
Residential - charge per single-family house:	\$20.50	\$37.00
Commercial:	\$20.50 per SFE*	\$37.00

NONRECURRING CHARGES:

	<u>Current</u>	<u>Settlement Rate</u>
Sewer Tap Fee (Outside Brookside Village Subdivision)	\$400 per SFE*	\$500 per SFE*
New Customer Account Charge	\$20.00	\$20.00

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into one of its sewer systems. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to an appropriate connection point, to pay the appropriate fees and charges set forth in this rate schedule and to comply with the guidelines and standards hereof, shall not be denied service, unless treatment capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving sewer system. In no event will the Utility be required to construct additional wastewater treatment capacity and/or lines to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding wastewater treatment capacity and/or to the affected sewer system.

* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loading for Domestic Wastewater Treatment Facilities -- 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2006), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

The Utility shall give the Commission thirty days notice of its intent to pass-through to customers treatment charges which are higher than those in effect at the times of the Commission's approval of the within rate schedule. The Utility shall provide with such notice written documentation of an increase by the provider of treatment services justifying the increase in the amount of treatment charges sought to be passed-through to affected customers. In the event that an increase in the amount of treatment charges to be passed through to customers is found by the Commission to be so justified, the utility will then be required to give customers advance notice before the increase in the treatment charges to be passed through may be put into effect.